

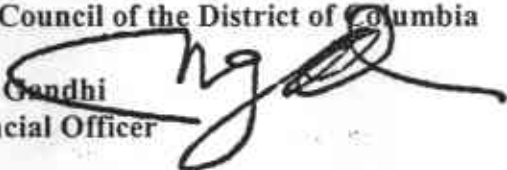
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: JUL -5 2005

SUBJECT: Fiscal Impact Statement: "Medicaid State Plan Amendment to Raise the Federal Poverty Levels of Qualified Medicare Beneficiaries from 100% to 150% and Specified Low Income Medicare Beneficiaries from 120% to 150%"

REFERENCE: Draft Legislation – Bill Number Not Available

Conclusion

Funds are sufficient in the FY 2005 and proposed FY 2006 through FY 2009 budget and financial plan to implement the proposed legislation. The proposed legislation would result in an additional \$42,000 in budgeted expenditures in FY 2005 and \$290,000 over the five year period through FY 2009 in local match monies. These expenditures are included in the 2005 and proposed FY2006 Department of Health budget.¹

Background

In 2003, the United States Congress enacted the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) which added a new prescription drug benefit known as Medicare Part D for all Medicare beneficiaries currently eligible for Part A and/or enrolled in Part B. The MMA further requires States, with the aid of Federal matching funds, to facilitate the enrollment of Medicare beneficiaries into the new Medicare Part D prescription program by July 1, 2005.²

¹ The Department of Health Program Budget Index: Office of Disabilities and Aging, Organization Code: 6520, PCA: 65200, Object Class 50, which has been identified by the agency as the funding source for this proposed legislation.

² See 42 U.S.C. 1302, 1395w-101 to 1395w-152, and 1395hh.

The proposed State Plan Amendment will allow the District to comply with the MMA by automating the eligibility screening process for Medicare Part D, and aligning eligibility requirements with those of the current Qualified Medicare Beneficiary (QMB) program.

Financial Plan Impact

The proposed legislation would result in approximately \$42,000 of budgeted expenditures in FY 2005 and \$290,000 over the five-year period of FY 2005 through FY 2009 as the local match for specified health programs. The expenditures are currently included in the Department of Health's FY 2005 and proposed FY2006 budgets, as well as the baselines for the succeeding fiscal years.

A comparison of the local contribution versus the corresponding Federal match funds for the proposed legislation is detailed in the table below. Beginning FY 2006, costs assume a 16 percent increase for inflation in monthly premiums each year.

FY2005 – FY2009 Cost Summary for Local and Federal Match Funds						
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	5 year total
Local Share (30%)	\$42,228	\$48,953	\$56,749	\$65,786	\$76,263	\$289,979
Federal Share (70%)	\$98,532	\$114,223	\$132,414	\$153,501	\$177,946	\$676,616
Total (100%)	\$140,760	\$163,176	\$189,162	\$219,287	\$254,209	\$966,595